

# CHALLENGE THE STATUS QUO

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WRITTEN FOR CREDIT UNIONS AND OTHER NON PROFITS

## *See the Forest and the Trees*

A recurring topic of conversation regarding an aspect of board governance was recently a discussion in a LinkedIn Group. How can one help directors keep their involvement on the right level? The right level is somewhere above where management works.

One way to help directors focus on the forest is not to show them too much about the trees. I've seen executives drag their potentially strategic, big-picture leaders into operations by the reports they give. Many directors naturally seek details. When provided a steady stream of details directors can conclude that is their purview.

Individual directors often feel their background and expertise are what they are meant to share in the board. For example, an insurance executive may want to get into the fine print of an insurance package, and other directors may follow. And, it can be tough to avoid catering occasionally to a director's interest in details.

Executives tend to volunteer more information and data than a board needs for three reasons: to be transparent, to keep the board informed, and to avoid surprises to the board. Looking at it from the board's point of view, a board needs to satisfy fiduciary duties, focus on outcomes, and oversee

the executive's operations. Executives should instead help their boards decide what it needs to meet those objectives.

At the board level, the organization needs the wisdom born of diverse skills and backgrounds. Expertise is for the hired executive to display, guided by the board's wisdom. It is the executive who decides when to tap expertise resident within the board to support operations.

People volunteer for boards because they want to help. Most people want short-term if not immediate feedback. When tree-based information must go to the board, always put that information in the context of the forest; relate it to the mission and vision the board intends to achieve.

Regularly reinforce the value of maintaining two perspectives that, taken together, lead to success. Daily, the executives are in amongst the trees on an operational path. A wisdom-driven board that circles above the forest can see farther down the path to what may confront management.

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### ITEMS IN THIS ISSUE:

- ◆ See the 'Trees and the Forest-two perspectives
- ◆ Preamble to Governance Policies
- ◆ Strategic Questions for board meetings.



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The basis of leadership is the capacity of the leader to change the mindset, the framework of the other person.

~ Warren Bennis

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4156 Pond Cypress Court  
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*This eZine's title, "Challenge the Status Quo," reminds us all that leaders are change agents. A leader's job is to decide the right things to do as times change.*

### Preamble to Governance Policies

Here is the text you can use to describe the purpose of your Governance Policies:

The Board of Directors recognizes the complex nature of this organization and the environment in which it operates. The business environment is a constantly changing mix of laws, regulations, competitors, economic movements, and the changing needs of the people we serve. To deal with that complexity and the rapidity of change, the Board hires competent Executives to run the business on behalf of the board so that the organization achieves its purpose and goals.

The Board's duty is related to "ends" or "outcomes." The Executive with staff are and are related to "means." These Governance Policies clarify the roles of the board and its directors, along with the roles of the Executive and the management team; the board and management will maintain unique perspectives and act as partners.

In Part II of these policies, the Board grants the Executive expansive authority to make all the decisions and operating policies needed to achieve our mission, vision, and plans. The Executive is subject to the directions and limitations contained in this and other governing documents including our written plans. These documents represent our enterprise risk management plan; our policies are simultaneously intended to move us forward while identifying and controlling all the risks inherent to our operations.

The Board aims to have these Governance Policies readily understood so compliance with them comes easily. The Board also recognizes its Governance Policies as guidelines: they are subject to interpretation, unless our wording leaves little doubt through its use of "will," "must," and "shall." In other words, the presence of these policies is not a license to

suspend thinking; refer to our Core Values and the intent of these Governance Policies when in doubt about an action to take. The Board will take appropriate action with volunteers and the Executive when it finds that these policies were ignored or egregiously misinterpreted.

*Adapted from our Board Governance Policy Manual—a model for credit unions.*

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### Strategic Issues for Board Meetings

Here are examples of "forest-view" questions boards should discuss before any "tree-view" topics in any board meeting:

- If we were 100% successful, what would our community look like?
- What indicators might we watch, to see if those conditions are becoming reality?
- What values do we want to see in our community, and how might we model those values in our own work?

From consultant Hildy Gotlieb, Co-Founder at Creating the Future.

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Hire us to facilitate planning that leads to a sustainable connection to the communities you serve.

The essence of corporate responsibility is not a narrow set of policy measures, even though those policy measures might be important. It's about what kind of a member of the community are we?

~Tom Peters